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E.O. 12958: DECL: 01/22/2018
TAGS: [PGOV](#) [PREL](#) [PINR](#) [PE](#)
SUBJECT: FORE VISIT: FOREIGN MINISTER DISCUSSES BILATERAL
RELATIONS, REGIONAL ISSUES

Classified By: CDA James Nealon For Reason 1.4 (B)

¶1. (C) Summary: In a January 11 meeting with Foreign Minister Jose Garcia Belaunde, USAID Administrator and Director of Foreign Assistance Henrietta Fore offered U.S. assistance for PTPA implementation and thanked Peru for its support in the UN Security Council. Belaunde lauded the state of bilateral ties and emphasized the importance of continued U.S. engagement as Peru sought to turn rapid growth into broad-based development. Turning to the region, Belaunde observed that Venezuela's wealth enabled it to conduct an aggressive policy in support of anti-systemic groups in various countries, and expressed concern about Bolivia's deterioration and potential future splintering. He saw Ecuador's President Correa as more focused on national interest than ideology, which created room for Peru to work with him. Belaunde believed it unlikely that Brazilian President Lula would take a more active role opposing Venezuela, and speculated that Chavez's attempt to undermine Colombian President Uribe via hostage negotiations with the FARC would fail. Belaunde said Panama was working hard to modernize and deserved our support. End Summary.

¶2. (SBU) USAID Administrator and Director for US Foreign Assistance Henrietta Fore met January 11 with Foreign Minister Garcia Belaunde. MFA Director General for North America Jorge Felix Rubio, Director General for Foreign Assistance Augustin Haya de la Torre and U.S. Desk Officer Carlos Briceno also participated. Fore was accompanied by Charge James Nealon, WHA Andean Affairs Director Arnold Chacon, and USAID-Peru Director Paul Weisenfeld. (Director Fore's meetings with other cabinet ministers and regional leaders in Ayacucho are addressed septel.)

Positive Ties; Continued Support Needed

¶3. (SBU) Director Fore opened the discussion by congratulating Foreign Minister Garcia Belaunde on passage of the free trade agreement (PTPA) and underscoring USG readiness to cooperate with Peru on implementation. She also thanked him for Peru's hard work on the UN National Security Council, especially on North Korea and Iran issues, and offered the USG's full support on APEC.

¶4. (C) Minister Garcia Belaunde was extremely pleased with the state of bilateral relations, noting his satisfaction that President Bush had received President Garcia as an equal

with whom he could exchange views on important international issues, not as a supplicant with a shopping list of requests.

He said the GOP was grateful about the passage of the free trade agreement and the confidence it instilled in Peru but concerned that, with the trade agreement in hand and Peru growing rapidly, the USG would cut back its cooperation. Garcia Belaunde stressed that, despite the boom, large parts of Peru remained in deep poverty and required continued help from the central government, with support from international donors. Belaunde thanked Fore for the \$35.6 million MCC threshold agreement but added that Peru hoped for a full compact soon, emphasizing that the combination of the PTPA and an MCC compact to assist with implementation and related reform measures would create tremendous constructive momentum. Pointing to the example of Nicaragua, in which MCC delays resulted in the funds going to the Ortega government, he said that timing was key.

Regional Tour d'Horizon

15. (C) Asked by Director Fore for his views on regional issues, Belaunde provided a focused country-by-country analysis. He divided the region into two principal camps: those countries like Venezuela and Bolivia that promise a "progressive utopia," and those like Chile, Brazil, Colombia, and Peru that are striving for "modernity."

-- Belaunde described Venezuela as a country with great wealth that can afford to act aggressively, particularly on the regional stage, by funding and supporting anti-systemic movements in different countries. He said Hugo Chavez's ambition is to be like Fidel Castro in the 1960s and 1970s, when the Cuban dictator used Soviet wealth to project personal power and influence. Chavez's machinations have

gained him influence over Bolivia and, to a lesser degree, Ecuador. Belaunde complimented the USG for its patience in dealing with Chavez and for not reacting publicly to his insults.

-- Bolivia's Evo Morales is beholden to Chavez's money and ideology and is neither willing nor able to disassociate himself. He is a seasoned politician with a real party apparatus and strong personal and political support, which gives him more stability than his predecessors in office. Nevertheless, his ideological approach and focus on "cultural" and "indigenous" identity has brought him into direct conflict with the most developed and powerful sectors of the country, and he lacks the power to impose his will over the whole country on issues like constitutional reform, the way Chavez has done in Venezuela. He acknowledged that the current crisis may be another example of Bolivia marching to the edge of the political precipice before backing down, but remains concerned that, if not now than several years from now, it could lead to a fracturing of the state.

-- By contrast, President Correa of Ecuador has no real party and also wants to maintain some distance from Chavez. He does not have substantial resources, but he does have a clear vision of the primacy of national interests over ideology. This makes it possible for Peru to seek to work with him. Correa's biggest challenge is the inherent instability of Ecuador's political system, which has regularly toppled its Presidents.

-- Belaunde commented that Argentina has wisely played Venezuela by turning to Chavez every time it needs to pay its debts.

-- Brazil's foreign relations are complicated by the fact that it has two Foreign Ministers. The first, Celso Amorim, interacts with the big players on the world stage. The second, Marco Aurelio Garcia, is the de facto envoy for Latin America. Garcia is sympathetic to Chavez and has promoted Brazil's hands-off policy toward Venezuela. Belaunde said that Brazil clearly does not want free trade agreements with the US or Europe and predicted that Mercosur-EU trade talks would fail for that reason. Brazil prefers to focus on Doha,

where the GOB thinks it can get a better deal. Uruguay and Paraguay, on the other hand, resent Brazil's heavy hand within Mercosur and would prefer to negotiate trade agreements as they see fit.

-- Turning to Colombia, Belaunde remarked that the Uribe-Chavez-FARC negotiations are complicated and show that Chavez wants to win a public relations victory at Uribe's expense. President Garcia thinks Chavez is miscalculating if he thinks he can undermine Uribe within Colombia or abroad by inserting himself into Colombia's domestic issues. Belaunde added that he believes the FARC only released the two hostages because of the Emmanuel scandal. Regarding the Colombia-US free trade agreement, Belaunde said that Garcia can act as a freelance advocate on Colombia's behalf, in support of President Bush's efforts.

-- Belaunde closed with a discussion of Panama, which is said is working hard to modernize and deserves more international attention and help. He added that the Arc of the Pacific initiative -- which groups the pragmatic-minded Pacific coast countries of Latin America -- will be helpful for Panama as well as Colombia.

16. (U) Director Fore cleared this message.
MCKINLEY